

Arizona PIRG

Education Fund

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Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

June 17, 2020

Dear Chairman Burns and Commissioners,

RE: Docket Numbers E-01345A-19-0003 & E-01345A-19-0236

On behalf of the Arizona PIRG Education Fund, I am writing to express appreciation for the thorough report written by Ms. Alexander, the Commission's Consultant, regarding Arizona Public Service's Customer Education & Outreach Plan (CEOP) and implementation. In addition, I want to note modest progress made since APS' "final" CEOP was filed; and offer the Commission recommended next steps.

Background

First and foremost, the report from the Commission's Consultant should not be taken lightly. I had the opportunity to speak with Ms. Alexander prior to the evaluation she filed, and it was extremely clear through the thoughtful questions posed that she was doing her homework.

While many of the findings in the Commission's Consultant report are not new¹, the details presented offer an important synopsis of what occurred and opportunities to ensure the same inadequacies are not repeated moving forward. Instead of rehashing all the critical and ongoing concerns raised in the evaluation, I want to provide additional thoughts.

Certainly, APS failed to develop and implement their CEOP in a manner beneficial for its ratepayers. However, Commission Staff and Commissioners also bear responsibility for failing to ensure APS had and was executing a solid plan. Neither APS *nor* Commission Staff took input from advocates seriously. Despite attempts to meet with Staff prior to APS finalizing its CEOP, we were not provided an opportunity to meet until after the final CEOP was filed and deemed acceptable to Staff. The confluence of taking our concerns directly to Commissioners, Ms. Champion filing a Citizens Complaint which called for a rehearing of the APS rate case, and members of the media reporting on the confusion customers were experiencing with APS' new rate plans presumably contributed to the modest improvements realized since the rate case decision.

¹ In September & October 2017, advocacy organizations including Arizona PIRG Education Fund docketed letters noting deficits in the APS CEOP filing: <http://docket.images.azcc.gov/0000182833.pdf> & <http://docket.images.azcc.gov/0000183169.pdf>. In December 2019, Arizona PIRG Education Fund filed a reply to Commissioner Dunn's request for input from participating stakeholder groups on the effectiveness of APS' engagement efforts: <https://docket.images.azcc.gov/E000004025.pdf>.

Progress Due to Action by Commissioners

Prior to providing recommended next steps, it is important to acknowledge that policy advancements related to problems stemming from the rate case and a deficient CEOP were due in large part to Commission action vs. that of APS.

The Commission Consultant's report recognizes that APS is implementing pro forma billing and has instituted the Consumer Work Group (monthly engagement with advocates), both which were a result of Commissioners' direct involvement. In our opinion, the good news is that APS is complying and providing the Commission with relevant and frequent updates, APS staff is responsive to questions and critique, and recent meetings – such as on their proposed Demand-Side Management Plan – are giving stakeholders an opportunity to weigh in before proposals come to the Commission. Additionally, Mr. Guldner publicly committed to participate in quarterly meetings of the Consumer Work Group, APS created a Customer Advisory Board, Secret Shopper program and Mobile Services Team. The bad news is that basic practices took Commissioner engagement and the need for your continued oversight and specific directives remain.

Recommended Next Steps

1. **Direct Commission Staff to participate in the Consumer Work Group.** APS typically provides the Consumer Work Group with data and analysis, and discussion is often robust and informative. APS and advocates could benefit from Commission input and vice versa.
2. **Require APS to provide the Commission with a *comprehensive* Customer Education and Outreach Plan by September 30, 2020, with the item placed on an Open Meeting agenda for discussion this Fall.** The Arizona PIRG Education Fund respectfully requests you require APS to incorporate the Commission Consultant's recommendations for this Plan along with recommendations from advocates cited in this document. Further, the Plan needs to be written with ratepayers, not shareholders, in mind.

Since APS controls placing advertisements, social media posts and communication through customer bills, efforts should closely track the metrics for not only how customers are being reached but how they are responding and the associated costs for each method.

While APS is making strides, more sensitivity still needs to be incorporated in the utility's education and outreach efforts. For example, not every household can realistically "Shift, Stagger and Save", there are homes without internet service, and one-size messaging and messengers does not fit all for a utility with such a large and diverse service territory.

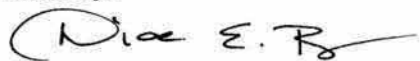
In addition to the quarterly CEOP reports, there should be an annual report that provides a thorough evaluation of the Plan and any proposed adjustments for the upcoming year. APS Management should present the annual report findings at an Open Meeting before the Commission, with the opportunity for the public to provide comment.

(The Arizona PIRG Education Fund encourages the Commission to require major companies under your purview, including Johnson Utilities and CenturyLink, to provide similar plans and reports).

3. **Require APS to establish a 24-7 call center for general customer support.** Soon after the rate case was adopted and customers experienced exceptionally long hold times, we began advocating for a 24-7 call center. As noted in the Commission Consultant's report, APS' customer service performance at its call center remains below average. While this measure will not solve the major issues, it is likely to help a number of customers. In our experience, customer service improvements have been made but inaccurate information continues to be given to customers bringing into question training and retraining protocols.
4. **Signal to APS the need to revisit their pending rate case.** As previously stated, we understand it is premature to *require* APS to amend or refile their proposed rate case. However, as Commissioners you can send the signal that APS should not have a return on equity that surpasses 10%, in fact it should be under 10%. The Commission Consultant's report and concerns posed by us and other advocates raise additional considerations that should be addressed such as the complexity of the rate plans, demand charges, and mandatory rate plans.
5. **Raise questions and publicly provide your perspective to let APS ratepayers and other Arizonans know you are paying attention and when warranted – such as now, act.** The Commission Consultant's report, coupled with well-founded concerns brought to light, should be a harsh lesson in the need for Commission Staff and Commissioners to exercise stronger oversight. Ultimately education and outreach alone will not help struggling ratepayers, changes are needed to stop unjust and unreasonable utility rates and fees.

As always, please feel free to contact me at (602)318-2779 (c) or dbrown@arizonapirg.org if you have any questions or wish to discuss.

Sincerely,



Diane E. Brown
Executive Director